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Message Text

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15
ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AGR-05 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 /098 W
---------- 084213
P R 110606Z MAR 76
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 6919
INFO AMEMBASSY BRUSSELS
AMCONSUL CAPE TOWN
AMEMBASSY LONDON
AMEMBASSY LUSAKA
AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 2133

FOR EMBASSY CAPE TOWN

E.O. 11652: GDS
TAGS: ECON, EFIN, EINV, CG
SUBJECT: MOBUTU MOVES TO DEAL WITH WORSENING ECONOMIC SITUATION

REF: (A) KINSHASA A-39, (B) KINSHASA 33

1. THERE HAVE BEEN A NUMBER OF RECENT INDICATIONS THAT ZAIRE'S PROLONGED ECONOMIC CRISIS MAY BE HEADING RAPIDLY INTO MORE ACUTE STAGE. INCREASING SHORTAGES OF RAW MATERIALS THREATENS MOMENTARILY TO CAUSE HEAVY INCREASES IN UNEMPLOYMENT AT THE SAME TIME ESCALATING FOOD PRICES, MAKING THE LOT OF THE ZAIRIAN WORKER EVEN MORE DIFFICULT.

2. IN ADDITION TO ACTUAL AND THREATENED UNEMPLOYMENT SITUATION MENTIONED IN EARLIER CABLES ON SMTF AND THE TEXTILE INDUSTRY, EMBASSY INFORMED THAT SEVERAL OTHER KEY PLANTS ARE PLANNING EITHER TO GO ON A SHORTENED WORK WEEK OR TO CLOSE DOWN.
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ADDITIONALLY, EMBASSY HAS LEARNED THAT ONE OF ZAIRE'S PRINCIPAL

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CIGARETTE MANUFACTURERS, BRITISH-AMERICAN TOBACCO, IS ON THE VERGE OF BANKRUPTCY AS RESULT EARLIER MISMANAGEMENT UNDER GOZ-APPOINTED DELEGUE GENERAL.

3. MOUNTING ECONOMIC PROBLEMS ARE ACCOMPANIED BY EVIDENCE OF INCREASING DISCONTENT AMONG VARIOUS ELEMENTS ZAIROIS SOCIETY. POLITICAL BUREAU MEMBERS, INCLUDING MEMBERS OF THE SELECT PERMANENT COMMITTEE, ARE KNOWN TO HAVE COMPLAINED TO THE PRESIDENT THAT IMPORTANT DECISIONS (E.G. ANGOLA) HAVE BEEN TAKEN WITHOUT CONSULTATION. MORE IMPORTANTLY, MOBUTU IS AWARE OF A GROWING RESTIVENESS WITHIN THE UNTZA. IN A ST. VALENTINE'S DAY DECLARATION THE UNTZA SCORED GOVERNMENT CORRUPTION, DEMANDED ACTION AGAINST RISING PRICES, UNEMPLOYMENT AND INADEQUATE SOCIAL SERVICES, AND ANNOUNCED ITS INTENTION TO RESUME COLLECTIVE BARGAINING (REF A). THOUGH HARDLY TO BE READ AS A DIRECT THREAT (COMING AS IT DOES FROM A GOVERNMENT-DOMINATED "TRADE UNION"), THE SIGNIFICANCE OF THE UNTZA STATEMENT AS A BAROMETER OF WORKER/PEASANT SENTIMENT WILL NOT BE LOST ON MOBUTU. NEITHER WILL HE HAVE FORGOTTEN THE ROUND OF WILDCAT STRIKES LAST AUGUST DURING A MUCH LESS MENACING PERIOD, AND BEFORE GIZENGA WAS PERCEIVED AS A THREAT.

4. EVIDENTLY AWARE THAT HE IS DEALING (POTENTIALLY, AT LEAST) WITH MORE THAN AN ECONOMIC PROBLEM, MOBUTU HAS MOVED TO BROAD CONSULTATIONS WITH A VIEW TO ELICITING SUPPORT AND COOPERATION AMONG KEY ELEMENTS DURING THIS DIFFICULT PERIOD AND PREPARING POPULATION FOR EVEN MORE STRINGENT CONDITIONS WHICH IMF STABILIZATION PROGRAM SEES BOUND TO IMPOSE. HENCE, IN CONTRAST TO PAST PREOCCUPATION WITH ANGOLA, THE PRESIDENT, BUREAU-CRACY AND MEDIA HAVE IN RECENT DAYS BEEN FOCUSING PRINCIPALLY ON ZAIRE'S DOMESTIC ISSUES. MOBUTU HAS BEEN MEETING FOR LONG HOURS WITH THE POLITICAL BUREAU TO DISCUSS "ECONOMIC AND FINANCIAL MATTERS," AND ON SATURDAY HE SPENT ALMOST THE ENTIRE DAY IN DIALOGUE WITH 21 ECONOMICS PROFESSORS FROM NATIONAL UNIVERSITY.

5. IN ALL OF THIS THERE IS AN ELEMENT OF A RACE AGAINST TIME. WHILE THE IMF PROGRAM IS IMMINENT, THE GOVERNMENT IS OBVIOUSLY TRYING TO GET AS MANY DUCKS IN LINE AS POSSIBLE, BOTH FROM THE IMMEDIATE STANDPOINT OF MINIMIZING THE PROGRAM'S INITIALLY NEGATIVE IMPACT BY ASSURING THAT THE SHELVES ARE ADEQUATELY CONFIDENTIAL

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STOCKED WITH STAPLES AND IN TERMS OF GENERAL PSYCHOLOGICAL PREPARATION FOR FURTHER BELT-TIGHTENING. AT THE SAME TIME, HOWEVER, ECONOMIC HARDSHIPS IN TERMS OF UNEMPLOYMENT, SHORTAGES AND HIGHER PRICES ARE REACHING THE POINT WHERE IMPLEMENTATION OF THE IMF PROGRAM IS INCREASINGLY URGENT. WHILE VOLATILE, THE SITUATION IS BY NO MEANS OUT OF HAND. BUT IT WILL REQUIRE THE GOVERNMENT'S CLOSE WATCHING AND DEFT HANDLING IN THE DAYS IMMEDIATELY AHEAD.

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